
SENATE COMMITTEE ON APPROPRIATIONS

Senator Anthony Portantino, Chair
2021 - 2022 Regular Session

AB 1900 (Arambula) - Medi-Cal: income level for maintenance

Version: June 20, 2022

Urgency: No

Hearing Date: June 27, 2022

Policy Vote: HEALTH 9 - 0

Mandate: No

Consultant: Agnes Lee

Bill Summary: AB 1900 increases the amount of income a Medi-Cal beneficiary who is required to pay a share of cost for their health care services can retain, from \$600 a month to an amount equal to 138% of the federal poverty level, so long as federal authorization is obtained.

Fiscal Impact: According to the Department of Health Care Services, assuming a January 1, 2024 implementation date, total costs would be \$66.9 million in 2023-24, and annual ongoing total costs thereafter of \$160.3 million. The total costs would be split 50 percent federal funds and 50 percent General Fund. Most of the costs would be due to projected increases in Medi-Cal program utilization.

Background: Under California's "medically needy" program, persons 65 and older or who are disabled, and low-income families with income over the Medi-Cal limits for free care can obtain Medi-Cal coverage in a given month by paying a share of cost (SOC). SOC is similar to a private health insurance deductible but the SOC occurs monthly rather than annually. An individual's SOC is calculated by subtracting a "maintenance need level" (MNL) from the individual's monthly income. The individual must then pay this amount before the Medi-Cal program will start covering their health care expenses. The MNL has been set at \$600 since 1989 and is intended to be the budget allocation for that individual to pay for basic needs, such as living expenses for food, housing, and clothing each month.

To illustrate, a senior earning less than \$1,564 a month would qualify for free Medi-Cal and not have a SOC. If that same person earned \$1,565, they would have a SOC of \$965 a month. Thus, in order for Medi-Cal to pay for their healthcare expenses, they would need to first spend \$965 of their own money on health care expenses, leaving them with \$600 for the month to cover other necessary expenses like food and rent.

Proposed Law: AB 1900 increases the MNL for individuals who qualify on the basis of the medically needy criteria to the maximum amount of income permitted for the Medi-Cal program without a SOC for individuals who are 65 years of age or older or are disabled, effectively increasing the MNL to 138% of the federal poverty level.

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